



STATE OF TENNESSEE
DEPARTMENT of MENTAL HEALTH AND SUBSTANCE ABUSE SERVICES
ANDREW JACKSON BUILDING
500 DEADERICK ST
NASHVILLE, TN 37243

March 31, 2020

The Patricia Hall Talbott Legacy Centers, LLC Center Certificate of Need – CN1912-051

The Department of Mental Health and Substance Abuse Services (TDMHSAS) staff has reviewed the Patricia Hall Talbott Legacy Centers, LLC Certificate of Need application for the establishment of a new non-residential opioid treatment program in Maryville, Tennessee (Blount County). The establishment of a new non-residential opioid treatment program has a proposed service area of five counties in Tennessee: Blount, Loudon, Monroe, McMinn, and Sevier. The review focused on the Certificate of Need Standards and Criteria to uphold the Five Principles for Achieving Better Health set forth by the State Health Plan: healthy lives, access, economic efficiencies, quality of care, and a sufficient and quality health workforce.

Scope of Project

The Patricia Hall Talbott Legacy Center proposes a new non-residential opioid treatment program and the initiation of services for opioid addiction in Maryville, Tennessee. The Applicant will provide methadone, buprenorphine, and naltrexone as an accessible addiction treatment service in conjunction with individual counseling, group therapy, and other psychosocial support services to individuals suffering from addiction to opioids.

The proposed project consists of a lease agreement consisting of 3,400 square ft. with an estimated project cost of \$532,169.00. The leased space is located at 1821 West Broadway in Maryville, Tennessee. If approval for the CON is granted, the estimated initiation of service is July 2020.

Determination of Need

The following charts provide data related to opioid use disorder and its affects in the proposed service area.

Opiod Use Disorder in Proposed Service Area

Primary Service Area County	Adult Population 18+ Years of Age FY20	Estimates of Opioid and Heroin Use	Narcotic Related Offenses Per 10,000	Opioid-Related Hospitalizations	Opioid Overdose Deaths FY 18	Heroin Overdose Deaths FY 18
Blount	134,265	13,135	1.1-2.5	171	30	10
Loudon	54,039	5,305	15.6-26	52	7	3
Monroe	47,087	4,636	7.6-15	52	8	1
McMinn	53,640	5,329	15.1-25	62	4	1
Sevier	102,302	9,789	17.6-22	96	38	12
Total	391,333	38,194	57.01-90.5	433	87	27

Source: TDMHSAS Fast Facts, TDOH, NSUD, 2018 Tennessee Drug Overdose Deaths

Projections of Utilizations/ Occupancy

The applicant projects it will treat 240 individuals in Year 1 and 480 individuals in Year 2 based on previous experience in operating comparable facilities. Clinical determination of treatment for opioid use disorder is based on the clinical judgement of providers evaluating the patient. Estimating the number of patients requiring treatment with methadone does not have a quantitative number as the use of methadone as a treatment option may be patient preference. Having multiple treatment options are necessary to combat the epidemic of opioid addiction.

Estimated Patients Year 1 and Year 2

	Blount	Loudon	Monroe	McMinn	Sevier	Total
Patients Year 1	190	15	15	10	10	240
Patients Year 2	380	30	30	20	20	480

Unique Number of Patients Receiving Care in OTP

Unique Patients Treated as of 7/22/2019 in OTP	
County	Unique Patients
Blount	155
McMinn	38
Loudon	56

Monroe	30
Sevier	133
TOTAL	412

Source: TDMHSAS

Payor Mix

The Applicant's projected payer mix for Year 1 consists of 85.5% self-pay, 9.5% commercial/other managed care, and 5% charity care. In the proposed service area of Blount, McMinn, Monroe, Loudon, and Sevier Counties it is estimated that 4.41% of the service population lives in poverty and 18.90% of service area residents are enrolled in TennCare. The Applicant states it plans to contract with Medicare and TennCare once the two payers cover OTP services.

Applicant's Projected Payer Mix, Year 1

Payer Source	Projected Gross Operating Revenue	As a % of total
Medicare/Medicare Managed Care	N/A	N/A
TennCare/Medicaid	N/A	N/A
Commercial/Other Managed Care	\$64,318	9.5%
Self-Pay	\$579,000.20	85.5%
Charity Care	\$33,721.00	5%
Other	N/A	N/A
Total	\$677,040.00	100%

Charity Care

Charity care patients include patients experiencing financial hardships as well as pregnant patients who are unable to pay for services. The Applicant expects to provide approximately five percent of its gross revenue as charity care. This equates to twelve patients receiving care at no cost in the first year of operations and twenty-four patients in the second year.

	Gross Revenue	Gross Charge Per Patient	Charity Care Total	Total Charity Care Patients
Year 1	\$677,040.00	\$2,821.00	\$33,721.20	12
Year 2	\$1,926,960.00	\$4,014.50	\$96,348.00	24

Special Populations

The Patricia Hall Talbott Legacy Center will provide care to individuals who are pregnant, HIV positive, or have hepatitis. The Applicant states it will collaborate with the criminal justice system to provide continuous treatment in the event of incarceration and will accept referrals from local drug courts.

Licensure and Quality Considerations

If the CON is approved, the Applicant will seek licensure by the Tennessee Department of Mental Health and Substance Abuse Services (TDMHSAS) and accreditation by The Joint Commission.

The application states that Zachary Talbott, who is a managing member and has 31% ownership interests, has provided operational, policy, compliance, and clinical consulting for office based opioid treatment providers and opioid treatment programs. The application further states that Mr. Talbott is proficient in the behavioral health accreditation standards of The Joint Commission and CARF International.

Analysis

Service Area

The project's primary service area includes the following counties: Blount, McMinn, Monroe, Loudon, and Sevier.

Outstanding CONs Impacting Supply in Service Area

The project proposal is to initiate a new health service for Blount County by establishing a non-residential opioid treatment program that will provide methadone as an alternative treatment for opioid use disorder. CN1807-034 for New Hope Treatment Center was approved on December 12, 2018 for a non-residential opioid treatment program in Cocke County, TN. At the time of the review, the New Hope Treatment Center had not opened. It should be noted that both the Applicant and New Hope Treatment Center have both identified Sevier County in their proposed service area when calculating need.

Recent OTP Approvals

	Non-Residential Opioid Treatment Facility	Approval Date	Counties Served
CN1807-034	New Hope Treatment Center	December 12, 2018	Cocke, Grainger, Greene, Hamblen, Hawkins, Jefferson, and Sevier

Economic Feasibility

Ownership and Management

The Applicant is a Tennessee limited liability company (LLC) with the following managing members and ownership interests: Zachary Charles Talbott (31%); Leslie Talbott Tummel (23%); Alan Joseph Fuller (23%); and Joshua Grant Tummel (23%).

The Applicant anticipates a positive free cash flow of roughly \$44,578.00 in Year 1 and a positive free cash flow of roughly \$824,082.00 by the end of Year 2. Funding shall be provided by the members of the LLC out of their personal assets and cash reserves.

Access

The proposed non-residential opioid treatment program will allow access of methadone, buprenorphine, and naltrexone as available treatment options in the proposed service area. The application notes that public transportation services are offered by East Tennessee Human Resource Agency for individuals in Blount, McMinn, Monroe, Loudon, and Sevier Counties.

Distance in Miles and Drive Time

The Patricia Hall Talbott Legacy Center 1821 West Broadway Maryville, TN			
County	Principal City	Miles	Drive Time in Minutes
Blount	Maryville	2.4 miles	5 minutes
Loudon	Loudon	26.6 miles	35 minutes
McMinn	Athens	41.8 miles	53 minutes
Monroe	Madisonville	25.5 miles	30 minutes
Sevier	Sevierville	29.1 miles	41 minutes

Source: Google Maps 3/30/2020

Comparison to Closest OTP

County	Project Miles/Minutes	New Hope Treatment Center Miles/Minutes	BHG Knoxville- Bernard Miles/Minutes	BHG Knoxville- Citico Miles/Minutes
Blount	2.4/5	63/68	19.4/28	16.3/25
Loudon	26.6/35	82/83	36.3/39	34.6/38
McMinn	41.8/53	104/103	61/63	59/62
Monroe	25.5/30	90/103	57/61	56/60
Sevier	29.1/41	22.8/35	29.4/34	29.3/33

Source: Bing Maps 2020

Proposed business days and hours of operation are Monday through Friday from 6:00 a.m. to 12:00 p.m. and on Saturday and Sunday from 6 a.m. until 9 a.m.

Contribution to the Orderly Development of Health Care

Physical Plant

The project consists of a lease agreement of a structure with 3,400 square ft. The specifications and requirements for a non-residential opioid treatment program are consistent with licensure and accreditation standards.

Contribution to the Orderly Development of Healthcare

Staffing/Recruitment/Salaries

The proposed staffing pattern for the non-residential opioid treatment program appears to be adequate with listed salaries for position classifications being within local hiring practices. The application states it has surveyed the workforce availability in Blount County and feels confident that adequate staff can be hired.

Effects on Existing Providers and Resources

The Applicant states it will establish working relationship with all hospitals and emergency rooms in the service area, including but not limited to Blount Memorial Hospital in Maryville, Fort Loudon Medical Center, Sweetwater Hospital Association, LeConte Medical Center, and Starr Medical Center.

Positive Effects

The establishment of a non-residential opioid treatment program would include having an alternative treatment option available in the proposed service area and in certain circumstances, decrease both travel time and distance traveled.

Negative Effect

The approval of the application could reduce the census of existing and the recently approved, but unimplemented, non-residential opioid treatment programs.

Alternatives

The Applicant states it did not consider any alternatives other than creating a new non-residential opioid treatment program.

Letters of Support/Opposition

Numerous letters of support were received on behalf of the non-residential opioid treatment program which included local service providers, government officials, and faith-based organizations. No letters of opposition to the project were received.

Working Relationship with Existing Providers/Community Linkage

The Applicant states it will participate in community initiatives to help prevent substance use disorders and will collaborate with other healthcare, mental health, and social service agencies to access out-of-program service for individuals.

The Applicant further states it intends to develop additional on-site outpatient programs such as an Intensive Outpatient Program and therapies for co-occurring mental health disorders once the non-residential opioid treatment program has stabilized.

Participation in Training of Students

If the CON is approved, the Applicant states it will partner in the provision of education to students through internships and field placement experiences.

Conclusions

1. Need for available treatment options for opioid use disorder is identified. Numerous letters of support were received and as of the review date, no letters of opposition.
2. The proposed project is economically feasible and provides documentation of availability of needed capital for start-up.
3. The proposed non-residential opioid treatment program will seek licensure by the Tennessee Department of Mental Health and Substance Abuse Services and accreditation by The Joint Commission. The proposed organizational structure, physical plant, and service delivery model are consistent with current standards.
4. The proposed non-residential opioid treatment program will partner in the provision of education to students through internships and field placement experiences. The Applicant does not identify any barriers in the ability to hire qualified staff.

A handwritten signature in black ink, appearing to read 'Laura Young', with a stylized, cursive script.

Laura Young, Chief Nursing Officer
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